

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 07/14)

Fiscal Year 2016-2017	Business Unit 3210	Department Environmental Protection Program	Priority No. 1
Budget Request Name 3210-006-BCP-2016-GB		Program	Subprogram

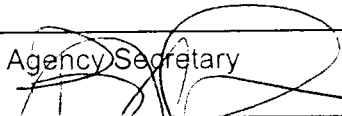

Budget Request Description
Environmental License Plate Fund Solution

Budget Request Summary

For both the 2013-14 and 2014-15 fiscal years revenues in the Environmental License Plate Fund (ELPF) did not meet budgeted projections by as much \$3 million dollars and the shortfall is projected to continue into the 2015-16 fiscal year. This shortfall required adjustments in 2014/15 and 2015/16 to assure that vital ELPF funded programs continue. The Administration has developed this proposed long term plan to balance the fund that includes fund shifts and fee increases that maintains funding for environmental programs in the 2016-17 fiscal year.

Requires Legislation <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance. <input type="checkbox"/> FSR <input type="checkbox"/> SPR Project No. Date:		

If proposal affects another department, does other department concur with proposal? ☐ Yes ☒ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Patrick Kemp	Date 1-4-2016	Reviewed By 	Date
Department Director	Date	Agency Secretary 	Date 1-4-2016

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ CALSTARS ☐ Dept. of Technology

BCP Type: ☐ Policy ☐ Workload Budget per Government Code 13308.05

PPBA Original Signed by Amanda Martin	Date submitted to the Legislature 1-8-16
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Analysis of Problem

A. Budget Request Summary

For both the 2013-14 and 2014-15 fiscal years revenues in the Environmental License Plate Fund (ELPF) did not meet budgeted projections by as much \$3 million dollars and the shortfall is projected to continue into the 2015-16 fiscal year and 2016-17. This shortfall required adjustments in both fiscal years to assure vital ELPF funded programs continue. The Administration has developed this proposed long term plan to balance the fund that includes fund shifts and fee increases that maintain funding for environmental programs in the 2016-17 fiscal year. Statutory changes necessary to implement this proposal will be submitted separately.

B. Background/History

The California Environmental Protection Program receives revenue from the sale of personalized motor vehicle license plates by the Department of Motor Vehicles. Revenues are deposited in the California Environmental License Plate Fund. Funds expended pursuant to Division 13.5 of the Public Resources Code must have one or more of the following purposes:

- The control and abatement of air pollution, including all phases of research into the sources, dynamics and effects of environmental pollutants.
- The acquisition, preservation, restoration, or any combination thereof, of natural areas or ecological reserves.
- Environmental education, including formal school programs and informal public education programs.
- Protection of nongame species and threatened and endangered plants and animals.
- Protection, enhancement, and restoration of fish and wildlife habitat and related water quality, including review of the potential impact of development activities and land use changes on that habitat.
- The purchase, on an opportunity basis, of real property consisting of sensitive natural areas for the state park system and for local and regional parks.
- Reduction or minimization of the effects of soil erosion and the discharge of sediment into the waters of the Lake Tahoe region, including the restoration of disturbed wetlands and stream environment zones.

Funds are appropriated in the budgets of over 25 various state boards, commissions and departments.

Because of revenue shortfalls the Administration proposed the following solutions in the 2015-16 Budget:

2014-15 Solutions (\$4.9M):

- Delay the beginning of the 4th Climate Assessment from the 2014-15 fiscal year to 15-16 fiscal year. 2014-15 Savings \$2.5 million.
 - Assessment contracts would let July rather than April.
- Delay the Climate Ready Grants from the 2014-15 fiscal year to 15-16 fiscal year.
 - 2014-15 Savings \$1.3 million
- Shift expenditures in Parks and Fish and Wildlife from ELPF to the State Parks and Recreation Fund (SPRF) and Fish and Game Preservation Fund (FGPF).
 - 2014-15 Savings \$1.1 million (\$200,000 to SPRF and \$900,000 FGPF).
- Provide savings targets to departments to build small reserve.

2015-16 Solutions (\$13.3M):

- Move the remaining \$2.5 million for the 4th Climate Assessment from 15-16 to 16-17.
- Shift \$3.3 million in ELPF expenditures in State Parks to SPRF.
- Shift \$7.5 million ELPF expenditures in Fish and Wildlife to FGPF.
- Provide savings targets to departments.

Analysis of Problem

This proposal recommends the following solutions for 2016-17: (\$12.0 Million for Fiscal Year 2016-17 \$11.5 million ongoing):

- a. \$2.5 million one-time General Fund
- b. California Endangered Species Act (CESA) Fee. The Department of Fish and Wildlife proposes assessing a fee on incidental take permits (ITPs) to offset some of the ELPF cost to cover the Department's costs of carrying out statutorily required responsibilities under the California Endangered Species Act (CESA). \$1.5 million 2016-17 \$2.5 million 2017-18. The fee will take at least a year to reach full revenues.
- c. ELPF fee increase \$1.5 million 16-17 \$2.5 million 17-18. The fee will take at least a year to reach full revenues.
- d. \$3 million fund shift remove Parks from ELPF and backfill with State Parks and Recreation Fund.
- e. \$3.998 million fund shift to remove the Tahoe Regional Planning Agency from ELPF and backfill with General Fund.

C. Justification

The ELPF funds numerous critical environmental programs in over 25 departments, boards and commissions. Dramatic reductions in the current and budget years could cause irreversible harm to environmental programs statewide. The plan recommended by the Administration provides funding through fund shifts and fee increases to maintain these programs.

D. Outcomes and Accountability

The Natural Resources Agency and the Department of Finance will closely monitor both revenues and expenditures to minimize interruption in existing programs funded by ELPF.

E. Analysis of All Feasible Alternatives

- A. Do nothing. Absent any savings plan the in excess of 25 departments that use the fund will not have enough cash to fund expenditures.
- B. Propose cuts to the departments in in the current year and the budget year to balance expenditures with projected revenues. Cuts of that size in both years would dramatically reduce expenditures on a wide variety of critical environmental programs.
- C. Propose fund shifts and fee increases to maintain existing level of environmental programs.

F. Implementation Plan

The proposed solutions would commence on July 1, 2016 when the new fiscal year begins. It will take a year to see the complete benefits of the fee increase, so the Administration is only projecting \$1.5 million in new revenue versus the full \$2.5 million for a complete year.

G. Recommendation

Move forward with the proposed solution detailed above.